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Cayman Islands

Working paper prepared by the Secretariat

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I. General

1. The Territory of the Cayman Islands[1] is located some 180 miles west of Jamaica and about the same distance south of Cuba. It comprises three islands: Grand Cayman (76 square miles), Cayman Brac (15 square miles) and the adjacent and largely undeveloped Little Cayman (11 square miles).

2. According to the Economics and Statistics Office of the Cayman Islands, the population of the Territory in 2005 was estimated at 44,270, a slight increase from 44,144 in 2003.[2] An estimated 25 per cent are of African descent, 20 per cent are of European descent and the remainder are mixed.

3. As reported in the 2005 working paper (A/AC.109/2005/6, paras. 16-18), the Cayman Islands suffered considerable damage due to Hurricane Ivan. The hurricane, which struck the islands in September 2004, affected virtually all facets of life in the Territory. It took the better part of 2005 to restore normalcy to the Cayman Islands.

4. The British Overseas Territories Act that came into force in 2002 (A/AC.109/2002/2/Add.1) grants the right to full British citizenship to all inhabitants of the Territories and formally abolishes the term "colony" and "dependent territory" in favour of "Overseas Territories". That law allows Cayman Islanders to hold British passports and work anywhere in the European Union.

5. In July 2004, the United Kingdom Privy Council enacted an amendment to the Constitution of the Cayman Islands designed to correct an anomaly created by the British Overseas Territory Act 2002, which would have disqualified eligible people holding both British Overseas Territories citizenship and British citizenship from standing for election in the Cayman Islands.[3]

II. Constitutional, legal and political issues

6. The Cayman Islands is a Non-Self-Governing Territory under the administration of the United Kingdom of Great Britain and Northern Ireland. The Constitution of 1959 was revised in 1972, 1992 and 1994. Under the Constitution, the Governor, who is appointed for four years by the British monarch, is responsible for external affairs, defence, internal security and the public service. The Governor is the Chairman of the Executive Council, which comprises three members appointed by the Governor, namely the Chief Secretary (until 1992, the Administrative Secretary), the Financial Secretary and the Attorney General, and five members elected by the Legislative Assembly. The Executive Council is responsible for the administration of government. The Governor assigns ministerial portfolios to the elected members of the Executive Council. The Legislative Assembly comprises three official members designated in the Constitution and 15 members elected by universal adult suffrage for a period of four years. Since 1991, a Speaker is elected to preside over the Assembly.

7. The judicial system is based on British common law, certain British statutes and local statute law. There is the Grand Court (with Supreme Court status) and the Summary Court, which includes criminal, civil, family, youth and coroner's court. Appeals lie with the Court of Appeal of the Cayman Islands and, beyond that, with the Privy Council in London.

8. The former Governor of the Cayman Islands, Bruce Dinwiddy, who was appointed in May 2002, retired on 28 October 2005. Stuart Jack was appointed as the new Governor and arrived in the Cayman Islands on 23 November 2005.[4]

9. Until 2000, there were no formal political parties in the Territory and loose groupings known as National Team, Democratic Alliance and Team Cayman acted as political organizations (see A/AC.109/2003/9, paras. 7-8). Following the defeat of the National Team in the general elections held in 2000, a majority of the Legislative Assembly members formed a political party, the United Democratic Party (UDP), on 5 November 2001. The opposition formed a second party, the People's Progressive Movement (PPM) in 2002. McKeeva Bush of UDP was the Leader of Government Business (a position analogous to First or Chief Minister) until he was replaced by D. Kurt Tibbetts of PPM following the May 2005 general election.[5] In February 2005, a new political party was created in the Cayman Islands. The People's Democratic Alliance (PDA) was formed when a long-time Legislative Assembly member Linford Pierson, formerly of UDP, indicated his intentions to run as an independent candidate in the May 2005 election.[6] See paragraph 13 below for details on the election.

10. As was reported in previous working papers (A/AC.109/2002/7, paras. 11-14; A/AC.109/2003/9, paras. 10-19; and A/AC.109/2004/15, paras. 8-12), the constitutional review process in the Territory up to 2004 focused on electoral law, in particular the mapping of electoral districts. Recommendations of the Boundary Commission on the mapping of electoral districts were passed by the Legislative Assembly of the Cayman Islands in December 2003 and submitted for approval by the United Kingdom. Subsequently, the new electoral district scheme was part of talks on constitutional modernization in the Cayman Islands, which were suspended in February 2004 owing to lack of political consensus. As a result, the 2005 general election took place under the old electoral district system.[7]

11. In July 2004, the Elections Law (2004 Revision) was enacted. The law modernized the Cayman Islands election system, but did not include any significant amendments relating to electoral districts. The Act contained new provisions for the registration of political parties and made revisions to the election expenses laws. The Act also contained provisions relating to the registration of voters, requiring Caymanian citizens to register to vote, as well as provisions concerning practical arrangements for elections, political broadcasting, and the publication of statistical information, election petitions and election offences.[8]

12. The Territory's general election was due to be held in November 2004, but was postponed until May 2005 following the devastation caused by Hurricane Ivan in September 2004. The election in 2005 was the first one to be held following the 2004 revision of the Elections Law.

13. The general election was held on 11 May 2005. PPM won an unprecedented landslide victory over the incumbent UDP, winning 9 of the 15 seats in the Legislative Assembly.[9] UDP won five seats, and the newly formed PDA secured one seat. According to media reports, the main issues in the election campaign were economic stability, governance, autonomy and empowerment. Stopping short of calling for independence, many Caymanians had expressed their growing desire to have more say in the "running of their daily lives".[10] PPM seized on this popular sentiment and took over the leadership of the Legislative Assembly with a promise to win more autonomy from Britain.[11] The UDP loss was also attributed to the

sluggish pace of the post-Hurricane Ivan clean-up in some districts, to widespread dissatisfaction with UDP for granting Caymanian status, known as "belongership", to several thousand people and to financial scandals involving Government ministers.[12] Although still impressive at 78 per cent, voter turnout was lower by about 2 per cent than in the last general election in 2000.[13]

14. Regarding constitutional modernization, the issues of contention between the Territory and the United Kingdom relate to the provisions in the Constitution that deal with the degree of self-government and control over local affairs by elected officials, the role of the Governor, the impact of compliance by the Territory with the United Kingdom's international obligations, and the participation of the Territory in those international affairs that affect its interests. Both main parties in the Cayman Islands support greater autonomy over domestic issues than is currently enjoyed, and PPM has promised a referendum to decide the future constitutional status of the islands.[14]

15. In his 2005 Throne speech, the Governor of the Territory noted that although there had been some "rough weather" (including the imposition of the European Savings Tax Directive) in the "maturing relationship" of the Territory and the United Kingdom, progress had been made in other areas, such as constitutional modernization. As a result of the progress made on that issue in recent years, there is constitutional recognition of the offices of Leader of Government Business and Leader of the Opposition and of a Cabinet supported by a Cabinet Office.[15]

16. Nevertheless, overall progress in constitutional reforms was slow in 2005, as the first half of the year was dominated by the general election. In October 2005, at the annual meeting of the Overseas Territories Consultative Council, the Leader of Government Business D. Kurt Tibbetts announced the readiness of the Cayman Islands to resume discussions with the United Kingdom, which were scheduled to begin in March 2006.[16] Mr. Tibbetts further stated that the starting point for that round of negotiations would be the draft Constitution adopted in 2003 (see A/AC.109/2002/7, paras. 11-14; A/AC.109/2003/9, paras. 10-19; and A/AC.109/2004/15, paras. 8-12 for details). According to media reports, the Cayman Islands is interested in the model of governance adopted by Bermuda, which features a single-member constituency.[17]

III. Budget

17. As was reported in the 2004 working paper (A/AC.109/2004/15, paras. 13-19), in 2003 the Financial Secretary announced major reforms in the budgetary process. Following the reform, the new 2004/2005 budget was prepared for the first time on an accrual rather than on a cash basis.

18. Within the framework of reform, the budgetary policy of requiring statutory authorities and government companies to comply with the same fiscal discipline as ministries continued. Under the new policy, introduced in July 2004, before ministries and programmes receive funding from the Cabinet, they must demonstrate that they have delivered their agreed outputs or services.[18] The legislation implementing the same concept for the civil service, which went into effect on 1 July 2005, gave the civil service one year to implement and develop the performance management system before it became mandatory.[19]

19. The 2005/06 budget presented in October 2005, projected revenue of 380.2 million Cayman Island dollars (CI$) and expenses of CI$ 376.9 million, resulting in a projected CI$ 3.3 million surplus by 30 June 2006. Financing the hurricane recovery received priority, and the total allocation for the post-hurricane reconstruction amounted to CI$ 35.6 million, a significant 8.5 per cent of the total forecast revenue.[20] Budgetary spending also gives priority to crime fighting, families and communities and education and health.

20. In November 2005, the Government of the Cayman Islands announced that by June 2009 it intended to spend CI$ 235.6 million on capital projects, mainly new schools, office buildings and equipment for police. The scope of the proposed projects exceeded all other development projects in the history of the islands. The projects would be funded by borrowing CI$ 182 million over three years, beginning in July 2006, and CI$ 63 million in credit financing, already part of the 2005/06 budget. According to the Government, growing operating surpluses expected over the next 10 years would finance the planned borrowing.[21]

IV. Economic conditions

A. General

21. The Cayman Islands has one of the highest standards of living in the Caribbean. According to the United Kingdom Foreign and Commonwealth Office, as of November 2005, the gross domestic product (GDP) per capita is $36,271. The economy is based on tourism and on the islands' status since 1966 as an international offshore finance centre. The principal sources of government revenue are import duties, company, bank and trust licence fees, and stamp duties. There is no income tax, company tax or excise duty. Although imports outstrip exports by about 100 to 1, the trade gap is more than offset by earnings from the tourism and financial services sectors. The Cayman Islands' major trading partners are the United States of America, the United Kingdom and the Caribbean Community.[22]

22. Although the effects of Hurricane Ivan were widespread across the economy, 2005 proved to be a year of remarkable economic recovery in the Cayman Islands. In 2004, the economy grew by less than 1 per cent. Estimated damage and losses due to the hurricane were about 183 per cent of GDP, which amounted to nearly CI$ 3 billion. However, according to the administering Power, by the end of 2005, those losses had begun to "work [their] way out" of the Cayman economy. Financial services and tourism lead the economic recovery, although other economic indicators have also pointed to stabilization of the Cayman economy following Hurricane Ivan. Inflation rose dramatically from 4.4 per cent in 2004 to 8.4 per cent in September 2005 (largely due to the hurricane), but it is projected to stabilize at about 3 per cent by 2006/07. Overall, the economy is expected to grow by 3.6 per cent in fiscal year 2006/07 and 3 per cent in 2007/08 and 2008/09.[23]

B. Agriculture, livestock and fisheries

23. Agricultural activities, although limited by infertile soil, low rainfall and high labour costs, have nearly doubled over the past five or six years, with 10 large farms totalling over 100 acres. Agricultural products include bananas, tomatoes, lettuce, honey, mangoes, citrus fruits, various vegetables and coconuts. Livestock rearing consists of beef cattle, poultry and pigs. Agriculture constitutes 1.4 per cent of the total GDP.

C. Tourism

24. A study conducted in 2003 noted that the tourism sector accounted for approximately 50 per cent of the Cayman Islands GDP and 27 per cent of employment in the Territory, and accrues revenue of CI$ 30.7 million to government and statutory bodies.[24]

25. During 2005, the sector continued to deal with the aftermath of Hurricane Ivan. Air arrivals stood at 146,209 as of November 2005, a 41.2 per cent decrease from the same period in 2004. Cruise ship arrivals, however, rose to 1.8 million, the second-highest number in five years.[25]

26. According to media reports, there was a 7.4 per cent decline in stay-over tourists in 2005, but it is expected that that trend will reverse when tourist accommodation figures return to the pre-hurricane levels when hotels such as Marriott, for example, reopen.[26]

27. In his 2005 Throne speech, the Governor announced that, in the period 2005-2006, a major focus would be the resumption of the implementation of the National Tourism Management Policy, which was temporarily interrupted in the aftermath of Hurricane Ivan. Launched in April 2004, the Policy outlined a framework and a clear vision for the sustainable development of the tourism industry over the next five years.[27] As part of the plan, the Ministry and Department of Tourism would be working with the industry to restore the numbers of stay-over visitors to pre-Hurricane Ivan levels. In support of those initiatives, the Cayman Islands Airport Authority would commence a major redevelopment of the terminal building at Owen Roberts International Airport. The new terminal is expected to improve tourism by including jetways that will allow passengers to board and deplane directly from and at the terminal building.[28]

D. Financial services

28. The financial sector is one of the main pillars of the Cayman Islands economy, and the islands remain among the top international financial centres in the world (see A/AC.109/2003/9, paras. 41-50, and A/AC.109/2004/15, paras. 32-35).

29. Despite Hurricane Ivan, nearly all sectors of the financial industry, including mutual funds, insurance company and new company registrations, stock market capitalization and listings, as well as captive insurance premiums, registered growth during 2005. As of June 2005, there were 6,527 mutual funds in the Territory, a 21 per cent increase over the previous year. Total international assets in Cayman banks rose by 10 per cent, to US$ 1.265 trillion in June 2005.[29] The captive

insurance sector added 40 new Cayman-licensed captives in 2005, a 7 per cent increase. Despite the 22 per cent decline over four years, the sector remained the fifth largest banking centre and the largest offshore banking centre in the world. The decline was attributed to an increasing number of mergers and acquisitions.

30. The Cayman Islands Monetary Authority, a statutory authority, is the primary financial services supervisory and regulatory body in the Territory. According to the Authority, its mission is to enhance the economic wealth and reputation of the Cayman Islands by fostering a thriving and growing, competitive and internationally recognized financial services industry through appropriate, responsive, cost-effective and efficient supervision and a stable currency. Authority strategies to achieve those goals include the implementation and or update of existing legislation, securing necessary resources through enhanced dialogue with the Cabinet and involvement in relevant international forums.[30]

31. The European Union savings tax directive, which requires disclosure of financial information in relation to European Union (EU) depositors or the imposition of withholding tax on bank interest paid to EU citizens, continued to be a difficult issue in the Cayman Islands in 2005. As noted in the 2004 working paper (A/AC.109/2004/15, para. 34), the Government of the Cayman Islands exerted considerable effort to resist the directive and agreed to implementation only upon obtaining from the United Kingdom certain undertakings to help safeguard the Cayman Islands economy. At the end of 2003, the British Government issued an ultimatum to the Territory to adopt the new directive by 20 February 2004 or face its imposition by the order in council. On 13 February 2004, the Territorial Government recommended the adoption of the directive to the Legislative Assembly. The opposition party, PPM, abstained from the vote and the directive was adopted. After much debate and delay, the directive came into effect on 1 July 2005.[31]

32. In recognition of the challenge that the savings tax directive presents to Territories with significant financial services sectors, the Foreign Office of the United Kingdom has appointed a dedicated officer to assist the Territories to apply for aid from the European Union with a view to improving economic development, and with a particular focus on the tourism infrastructure.[32]

E. Infrastructure and transport

33. In 2005, a key focus of the Ministry of Communications, Works and Infrastructure continued to be to ensure that all damaged communication links, roads, water lines and public buildings were repaired to pre-Hurricane Ivan standards or better.[33]

34. The road network of the Cayman Islands comprises approximately 225 kms of roadways, of which approximately 145 are primary and secondary roads with hot-mixed asphalt surface, and approximately 80 are local and other minor streets with oilspray-and-chip surface. The network suffered extensive damage due to the hurricane. In some areas along the coast, entire sectors of the road were washed away by the storm.

35. International air services are provided between Grand Cayman and the United States, Canada, Europe, Jamaica, Honduras and Cuba through more than 108 flights

per week. Major United States and British airlines operate regularly to and from the Territory, while domestic airline services and charters operate between the three islands. Discussions about relocation of the international airport at the beginning of 2004 became overshadowed by the hurricane in September.[34] Subsequently, plans were announced to renovate the existing airport, which should be ready in 2006 (see para. 27 above).

36. There was considerable activity in the airline industry during 2005. In June, Island Air ended its 16-year commercial air service to the sister islands (Little Cayman and Cayman Brac). Island Air was not able to compete against the Government-subsidized CAL Express service. In September, however, Sprint Airlines entered the flight market to provide competition for the already financially strapped Cayman Airways, and was expected to increase the number of stay-over tourists.[35]

37. The port of George Town is the main gateway for cruise ships that carry tourists to the islands. The Cayman Islands are served by scheduled passenger liners and a number of locally owned or registered vessels that provide cargo services between the Cayman Islands and Miami, Tampa and Jamaica. In 2005, cruise ship arrivals rose to 1.8 million, up from 1.6 million in 2003.

38. In March 2004, the Cayman Islands Port Authority signed a loan agreement to fund the construction of the Royal Walter and the West Bay cruise terminals.[36] In 2005, however, it was decided that the West Bay cruise facility would not be developed. Instead, the pier at the Royal Walter Cruise Terminal would be lengthened and the North Terminal upgraded to create more capacity.[37]

F. Communications

39. The Territory's continuing development as a leading international business centre is dependent on modern and reliable telecommunications and utility services. Until recently, Cable and Wireless was the exclusive provider of telecommunications services in the Cayman Islands. As was reported previously (A/AC.109/2003/9, paras. 51-53 and A/AC.109/2004/15, paras. 36-38), in mid-2003, the Government introduced competition into the telecommunications sector aimed at its complete liberalization by April 2004. Since then, several telecommunications operations and infrastructure providers have entered the market, and Cayman Islands consumers have benefited from the resulting drop in the cost of services.

40. The telecommunications sector was also badly affected by Hurricane Ivan. A report of the Economic Commission for Latin America and the Caribbean/United Nations Development Programme (ECLAC/UNDP) estimated that the loss sustained by the telecommunications sector amounted to approximately CI$ 79.5 million, of which 60 per cent was damage to assets and 40 per cent business losses. Even though damage was significant, services continued throughout the storm and all services were quickly restored in the aftermath of the hurricane, evidence of the strength and quality of the sector.[38]

41. The electricity grid was also badly affected by Hurricane Ivan, sustaining losses estimated at CI$ 68.9 million, of which 41 per cent was damage to assets and 59 per cent was business losses. However, recovery was aided by the subregional

Hurricane Action Plan, which included the assistance of teams from electrical enterprises in Barbados, Belize, Bermuda and the Turks and Caicos Islands.[39]

42. In January 2006, the Caribbean Utilities Company was rewarded for its efforts by the United States-based Edison Electric Institute and received the Emergency Recovery Award for its outstanding efforts. According to the Institute, the Caribbean Utilities Company and contract employees replaced more than 140 miles of distribution and transmission lines, repaired or placed more than 10,000 utility poles, brought the island's generating facilities, all of which were damaged by Hurricane Ivan, back online and delivered power to all customers in under 90 days.[40]

43. In 2004, the Caribbean Utilities Company was granted a licence to operate in the Cayman Islands until 2024.[41]

V. Social conditions

A. Human rights

44. The Territory is subject to several major human rights conventions to which the administering Power has acceded, including the European Convention on Human Rights, although the right of individual petition to the European Court of Human Rights does not extend to the Cayman Islands, at the request of the Cayman Islands Government. The Cayman Islands is the only United Kingdom Territory without a bill of rights (see A/AC.109/2002/7, para. 49, A/AC.109/2003/9, paras. 61-63 and A/AC.109/2004/15, para. 45). The draft Constitution presented for approval by the United Kingdom in 2003 includes a bill of rights, which will be scheduled for implementation when the appropriate legislation is in place. Media reports have noted that the absence of constitutional protection of fundamental rights is a matter of concern to the Government of the United Kingdom.[42]

45. The Cayman Islands Human Rights Committee is a Government-funded organization, which was created in 2003. The initial role of the Committee was to report on progress made in the Cayman Islands regarding compliance of the Territory with international human rights conventions. In 2005, the Committee mandate was expanded to include the investigation of human rights abuses. According to published reports, the expanded authority of the Committee will allow it to deal with reports of alleged human rights abuses of migrant workers.[43] As of January 2006, a new human rights organization was in the process of formation in the Cayman Islands: the Center for Education and Development of Human Rights is intended to be a conflict resolution and human rights non-governmental organization, with the objective "to assist in resolving non-commercial disputes on an international basis".[44]

B. Labour and immigration

46. According to the labour force survey released in November 2004, the labour force of the Territory comprised 23,453 people compared with 29,905 in 2003. The 20 per cent decline was attributed to Hurricane Ivan. The number of working Caymanians in November 2004 was 11,444, while the number of non-Caymanians

in the workforce was 10,976. In 2005, the unemployment rate was less than 4 per cent, compared with 4.4 per cent in 2004.[45] According to the Cayman Islands Employment Relations Department, the employment outlook was strong for 2006, especially in the construction and financial sectors. However, the labour market required more qualifications for even entry-level office and trade positions.

47. A new immigration law took effect in 2004 limiting foreign workers in the Territory to a stay of between six months and seven years, depending on the category of employment. According to the supporters of the new law, its aim was to stop foreign workers who entered the Territory with a one- or two-year work permit from staying for a "long or indefinite time". The new law affected a large portion of the Caymanian workforce, as more than 50 per cent of workers are work-permit holders.[46] In view of that, in September 2005, the Government of the Cayman Islands decided to review certain provisions of the law related to work permits and the subsequent granting of permanent residence.[47] As of March 2006, that review was ongoing.

C. Education

48. Education is compulsory for all resident children who are between 4 years, 9 months, and 16 years of age. The public education system caters to about two thirds of Caymanian children, with the remainder attending fee-paying schools. The Government operates six primary schools, one middle school, two high schools and one alternative education centre on Grand Cayman, as well as three primary schools and one high school, which incorporates the middle school, on Cayman Brac. Tuition is free for Caymanians at those schools, but an annual book rental fee of 100 to 150 Cayman Islands dollars per student is charged. In addition, 10 private schools provide primary and/or secondary education. All private schools are monitored by the Education Department and receive grants from the Government. Two public institutions and one private school provide tertiary education. The Community College of the Cayman Islands is owned by the Government but is independently administered. The Cayman Islands Law School is also Government-owned, while the College of the Cayman Islands is private.

49. In his 2005 Throne speech, the Governor stated that a major focus of the Ministry of Education in the 2005-2006 period would be the implementation of the major findings of the National Education Conference. In October 2005, the Conference report was adopted by the Government of the Cayman Islands as a blueprint for education reform. The report offered the following recommendations for improvement in education: a new model of governance for the education service, which places students firmly at the centre; a commitment to raising educational standards and providing a curriculum that is relevant to the interests and needs of all students and of the country; greater support for enhancing the leadership and management of schools; and greater ownership of and accountability for performance. In addition, the Government planned major capital works for three new high schools and a replacement primary school in George Town.[48]

D. Public health

50. The Health Services Department is responsible for the provision of all government health care, including public health services. In addition to general medical care, a wide range of specialist services are available locally. According to the administering Power, contraceptive services are provided free of charge, in addition to free antenatal service, which is already being provided for all residents irrespective of nationality. The Health Practitioners Board has responsibility for the registration of private practitioners. There is a 124-bed hospital in George Town, which includes a state-of-the-art, fully staffed accident and emergency room. There is also an 18-bed hospital on Cayman Brac and several district health centres and clinics. In 2000, there were 84 registered doctors and 14 dentists in the Territory.

51. Health insurance is compulsory in the Cayman Islands. In 2004, the Health Insurance (Amendment) Law was passed restricting the issue of health insurance contracts to "approved insurers" licensed to do business in the Cayman Islands.[49]

52. In April 2005, the Government of the Cayman Islands publicly launched a health-care reform campaign. The key aspect of the reform was access: access to quality and affordable health care; to protection under various laws; to modern, technologically advanced and efficient health-care services; to registered medical practitioners and licensed health-care facilities; and to better quality of life, health and personal well-being. The most important feature of the new health-care system, which is a combination of private and Government-funded schemes, is that all legal residents of the Cayman Islands are eligible for health insurance. It is hoped that the new system will address the issue of people previously deemed "difficult to insure", namely those with a low income or severe health problems.[50]

E. Crime and public safety

53. The Royal Cayman Islands Police Force comprises 295 officers and 40 support staff. It has a shortfall of Caymanian recruits and has officers seconded by the United Kingdom. Officers are also recruited from Jamaica, Belize, Barbados, Canada, Nicaragua, Trinidad and Tobago, Honduras, the Bahamas, Nigeria and the United States.

54. The strategic policy statement for the financial year 2003/04 outlines the following specific goals to ensure the safety and security of the Cayman Islands: an efficient and fair legal and judicial system; reduction in the levels of petty and serious crime; reduction in the rate of reoffending by convicted offenders; secure and humane custody of offenders with custodial sentences; and maintenance of appropriate border security and protection.

55. According to press reports, the number of crimes in the Territory increased during 2004 and continued to climb in 2005. The number of burglaries as of March 2005 was double that of March 2004. The Cayman Government took two steps in response to the rapidly rising crime rate in the islands. The 2005/06 budget provided for a CI$ 49.4 million increase over four years for the operations of the Royal Cayman Islands Police Service. In addition, a new anti-crime law was passed in November, which aims to curb crime through the imposition of new measures ranging from longer jail terms to the right of police to request information from telephone companies.[51]

F. Disaster prevention

56. As mentioned above, Hurricane Ivan, in 2004, was one of the worst natural disasters that the Cayman Islands had ever experienced, and it changed the way Caymanians prepare for natural disasters. Since then, various government agencies have prepared plans that will allow them to respond more quickly to a devastating hurricane. For example, the Public Works Department, the Department of Vehicle and Equipment Services and the Heavy Equipment and Vehicle Operators Association now have plans in place for heavy equipment to be located at strategic points around Grand Cayman for the clearing of main roads in the immediate aftermath. These agencies are also responsible for clearing the airports. The Port Authority has in place business continuity plans that cover emergencies. The Water Authority system will be shut down just before an anticipated hurricane hits, so as to protect the integrity of the system, minimizing contamination of the water supply. During the period when the normal system is not operational, tanker trucks will distribute both drinking water and water for cleaning.[52]

VI. Relations with international organizations

57. The Cayman Islands, which had been an observer with the Caribbean Community, was approved for associate member status in February 2002 (see A/AC.109/2002/7, paras. 75 and 76). The Territory is also a member of the Caribbean Development Bank, the International Olympic Committee, the Universal Postal Union and Interpol and an associate member of the United Nations Educational, Scientific and Cultural Organization.[53]

VII. Future political status of the Territory

58. See paragraphs 14 to 16 above for discussion on the relationship between the Territory and the United Kingdom.

VIII. Position of the administering Power

59. In a statement at the 2nd meeting of the Fourth Committee, held on 5 October 2005, at the sixtieth session of the General Assembly (see A/C.4/60/SR.2), the representative of the United Kingdom said the consultation process between his Government and its 10 overseas territories was continuing. The 7th annual meeting of the Overseas Territories Consultative Council would be held in London in October 2005. The Council provided a forum for dialogue between democratically elected Chief Ministers and their counterparts from the Territories and United Kingdom Government Ministers on a range of issues, including the relationship between the United Kingdom and its overseas Territories, constitutional modernization, good governance, environmental matters and the United Kingdom's international obligations.

60. The representative of the United Kingdom Government welcomed the progress that was being made in the constitutional review process; there had been useful

discussions between that Government and representatives of Gibraltar, Montserrat and the Turks and Caicos Islands. In Saint Helena, a consultative poll had rejected a revised draft constitution and that Territory was currently considering its next steps. Extensive discussions had been held with the Independence Commission set up in Bermuda to look into the implications of any move towards independence; at the request of the Commission, the United Kingdom Government had drafted a paper setting out its position on a number of issues, which was currently being studied by the Government of Bermuda.

61. The representative pointed out that his Government continued to support capacity-building projects and to promote sustainable development and good governance in its overseas Territories. The Overseas Territories Environment Programme continued to support the implementation of the environment charters for the overseas Territories. The United Kingdom Government likewise continued to support its overseas Territories in their efforts to strengthen relations with the European Commission and to improve access to the trade and economic and developmental aid provisions of the European Union — Overseas Countries and Territories Overseas Association Decision. The Government had also continued its informal cooperation with the Special Committee of 24; in that context, a visit had been made to Bermuda with a view to consider progress towards that Territory's de-listing.

62. In a separate communication regarding the Overseas Territories Consultative Council meeting held in London in October 2005, the United Kingdom Government noted that there was useful discussion on the relationship between the United Kingdom and the Overseas Territories and progress in constitutional modernization, which continued to take account of the particular circumstances of the Territories. Other areas covered were external relations, good governance, law enforcement, financial services, transport, sustainable development and relations with the European Union. The United Kingdom Department of International Development organized round tables in association with the Overseas Territories Consultative Council on human rights and disaster management.

IX. Consideration by the General Assembly

63. On 8 December 2005, the General Assembly adopted resolution 60/117 A and B without a vote. Section V of resolution 60/117 B is devoted to the Cayman Islands.

Notes

[1] The present working paper is based on information provided by the administering Power under Article 73 e of the Charter of the United Nations on 13 January 2006, as well as from published sources.

[2] The World Factbook, www.cia.gov.

[3] Caribbean Net News, 23 August 2004, www.caribbeannetnews.com.

[4] Information transmitted by the administering Power, 13 January 2006.

[5] Ibid.

[6] Cayman Net News, 2 February 2005.

[7] Cayman Net News, 1 December 2003; 6 January 2004; 4 February 2004; 5 February 2004; 9 February 2005.

[8] Cayman Net News, 19 March 2004, www.caymannetnews.com.

[9] Cayman Net News, 12 May 2005.

[10] BBC Caribbean, 28 April 2005.

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